

The Rand Corporation
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THE COSTS OF THE SOVIET EMPIRE

June 14, 1983

AGENDA FOR DISCUSSION

1. *Data issues: improving estimates, extending coverage, filling gaps, etc.*

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- a. trade subsidies -- e.g., pricing of Soviet CMEA exports and imports, c.i.f. vs. f.o.b. pricing, etc.
- b. trade credits
- c. military aid deliveries
- d. economic aid deliveries
- e. proxy forces
- f. covert activities
- g. other cost categories?
- h. economic offsets
- i. 1981-1983

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2. *General reactions to CSE estimates: do they seem large or small?*

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- a. prior expectations among conferees?
- b. likely awareness of these costs in Soviet bureaucracy and leadership?

3. *What (noneconomic) benefits are ascribed to empire by the Soviet leadership and how important are they?*

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- a. political benefits -- abroad, at home
- b. military benefits
- c. how important are these likely to be among leadership's values and priorities?

4. *Do CSE impose significant or insignificant "drag" on Soviet economy?*

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- a. If our estimates of trade-off between CSE and defense or consumption growth are correct, is this likely to be considered significant compared with empire's putative benefits?

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5. *Are CSE likely to rise or fall in 80s?*

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- a. tending to lower CSE (oil prices, CMEA pricing formula; resource pressures on Soviet economy; economic offsets)
- b. tending to raise CSE (economic difficulties in Eastern Europe, Cuba, Vietnam, etc.; softening weapons market, pressure to increase subsidization; benefit-cost relationships and political "rents")
- c. are there economies or diseconomies of scale in imperial expansion? positive or negative externalities?

6. *Should U.S. policy seek to raise CSE and, if so, how?*
Henry Rowen)

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- a. trying to limit credits to SU and other CMEA countries?
- b. supporting (overt or covert) movements in 3rd world opposing Soviet imperialism?
- c. publicizing CSE?
- d. other means?

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